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THE ROLE OF TAX MORALE AS MEDIATOR IN THE RELATIONSHIP BETWEEN RELIGIOSITY AND TAX COMPLIANCE IN SOUTH SUMATRA

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ABSTRAK/ABSTRACT

The aims of this study is to examine the direct effect of religiosity on taxpayer compliance level. Besides, this study also examines the indirect effect of religiosity on taxpayer compliance using the mediation variables of taxpayer morale. The data were gathered survey method that was able to collect as much 160 samples that can be used for analysis. The validity and reliability of instruments test were conducted before testing the hypothesis. The indirect influence was calculated from Variance Accounted For (VAF) mediating model. The result showed that the level of religiosity has a positive effect on tax morale and taxpayer compliance. High tax morale would increase taxpayer compliance. The results also provided empirical evidence that there was an indirect influence of religiosity on taxpayer compliance through the mediation of tax morale

INTRODUCTION

In the era of globalization, the tax becomes one of the revenue sources for the sustainable development of the country. This means when tax revenue increase, the economic growth of a country also increasing (Saragih, 2018). Not only that, but tax is also an important role to contribute revenue for the country to finance the implementation of national development. This situation creates an independent country that uses revenue from taxes for long-term development rather than relying on foreign debt.

Based on Law 28 the Year 2007 of General Provisions and Tax Procedures, tax is an obligatory commitment to the country by person or entity which is enforced in accordance within the laws, without any direct advantage consequently and utilized for the maximum welfare of

society. Tax becomes the greatest income source for Indonesia (Directorate General of Taxation, 2015). The level of tax revenues of a country is commonly observed from the level of tax compliance. However, tax compliance remains a problem to be solved in Indonesia.

The tax compliance issue has existed for decades ago until the present. Sri Mulyani as the Indonesian Minister of Finance claimed that compliance regarding tax issues is one of the foundations of low tax ratio (Kemenkeu, 2016). The tax ratio of Indonesia is only 9,9% which is still in the level of low tax ratio comparing with another ASEAN country such as Singapore is 13,5%, Philippines is 14,7%, Malaysia is 12% and Thailand is 15% (Worldbank, accessed in 12 December, 2019). Based on the Directorate General of Taxation, the total

of 29% of taxpayers has not yet report their return in 2018. In addition, the total from 17,6 million taxpayers only 12,5 million taxpayers who report their return to taxation office. This also make the declining the compliance level of individual taxpayers who report their return from 75% in 2017 or total 10,5 million to 72% in 2018 or total 9,8 million (tirto.id, accessed in 12 January, 2020). This means that there is still lacks of awareness on taxpayers regarding the importance on taxation which also one of the causes for low level of tax compliance.

Changing the tax compliance level begins from the source problems of individual and corporate taxpayers. Various elements influence individual compliance regarding tax. Several factors have been explored by Devos (2014) which divide the influence compliance factors into two categories, economic and non-economic factors. Mohdali & Pope (2014) emphasize the importance of exploring the influence of non-economic factors on tax compliance from several numbers of points of view, for example, the inner value which developed from culture, family values, and religion of each individual. In this research, the researcher intends to analyze two non-economic factors, which is religiosity and tax morale.

Previous studies from Mohdali & Pope (2014); Benk *et al.*, (2016) analyzed the effect of religiosity on tax compliance in Malaysia and Turkey, respectively. Both studies resulted that there a significant impact of religiosity on tax compliance. From the limitation, both studies stated to differentiate the values from the religious and moral values of individuals, as the recommendation for the next researcher. Besides, Nazaruddin (2019) also studied the impact of religiosity towards tax compliance with patriotism as a mediator in Indonesia which resulted in religiosity

and patriotism impact the taxpayer compliance level. He also suggested for the next researcher to explore another variable for mediating the connection of religiosity towards tax compliance. Thus, from the previous studies explanation above, this research analyzes the indirect effect of tax morale as a mediating variable in the relationship among religiosity and taxpayer compliance. There still only several studies that analyzed the influence religiosity and tax morale simultaneously (Pope & Mohdali, 2010; Pertiwi, 2017). Means studies that analyze about the influence of religiosity to tax morale directly and make tax morale as mediator in the relationship between religiosity and taxpayer compliance is still several especially in Indonesia. The aims of this research are to examine whether tax morale existed and affect the indirect relation of religiosity towards tax compliance of individual taxpayers. From the explanation above, the researcher doing research on the topic of "The Role of Tax Morale as Mediator in The Relationship Between Religiosity and Tax Compliance in South Sumatera"

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Tax Compliance

Most of previous researches (Chan *et al.*, 2000; Chau & Leung, 2009; and Lawan & Salisu, 2017) regarding tax compliance used the explanation by Roth *et al.* (1989) which described compliance as a condition of taxpayer submits all necessary tax returns at the best possible time and accurately reported the tax obligations in accordance with the principles, guidelines, and court choices applicable at the time the form is submitted. In the review of tax compliance, Fischer *et al.* (1992) grouped those factors into four distinct categories in model (Fisher Model) which are; (i) perceptions

and attitudes: which comprises like peer effects and fairness of the tax system (ii) demographic: that consists of factors like gender, education, and age (iii) the tax system/structure: which contain elements like taxes system, tax rates complication, and probability of detection of penalty and the last (iv) non-compliance opportunity: which has elements such as occupation, source and level of income.

In 2009, Chau & Leung modified and developed the Fischer's Tax Compliance Framework (Fischer Model) which added the cultural variable into the factors. The cultural variable consists of social norms and ethics value. He stated that those two factors have a strong value to tax compliance. Thus, this research analyzes religiosity and tax morale as the factors that influence individual compliance level. In sum, tax compliance can be interpreted as the fulfillment of tax obligations by the taxpayer in the right way and right time based on the instructions stated.

Tax Morale

According to Torgler (2004) tax morale connected willingness for the payment in taxes by an individual. Tax morale is the person's inner motivation to pay taxes and an obligation of civic which can be the important things to explain the quality of acknowledgement of taxation in a country (Vazquez & Torgler, 2009). It can be described as a set values or standards of moral which person has relating the taxes payment. Regardless of whether all people are presented to the norms of society that tax evasion isn't right and paying taxes is right, their disguise concerning its perception may vary.

In addition, Torgler (2006) construct on discovery of both sciences in term of behavior and theory in economics, establishing a comprehensive definition of tax morale while studying the tax morale determinants and its intrinsic relationship with organizations. He defined tax morale as the "the intrinsic motivation to pay taxes", which measuring individual behaviors considering the payment of taxes, in contrast to behave for evading

taxes. It expressed as the taxpayer are willing to pay taxes or the ethical beliefs about the payment of taxes and thus contribute to society. The names of personal ethical indicators and motivations (for instance certain cognitive processes, personal values, and social norms) are described as tax morale which strongly influence the compliance of individuals voluntarily in tax regulations (Brink & Porcano, 2016). Shortly, tax morale is related with the intrinsic values of individuals in compliance of paying taxes. In this research, one of the crucial determinants in analyzing the level of taxpayer compliance is tax morale.

Religiosity

In accordance to the Oxford Dictionary (2012), religion is worship of God or a particular system of faith based on such belief, and religiosity is explained as the quality of being religious. In previous research (Benk *et al.*, 2016) religiosity has been commonly recognized utilizing two orientations—religious commitment and religious affiliation. Religious commitment described as the level to which a person adheres to religious values, his/her beliefs, implementation and uses every day in their life While religious affiliation is the six self-identified circle of an individuals to certain religion, as well as being Christian, Muslim, Catholic, Hindu, Buddhist, or Confucius (Worthington *et al.*, 2003). Religious commitment separated in two classifications, namely interpersonal religiosity that receives from surroundings involvements within a religious community, and intrapersonal religiosity which comes from the individual's behaviors and beliefs (Benk *et al.*, 2016).

A study from Mohdali & Pope (2014) analyzed the influence of religiosity commitments (interpersonal and intrapersonal religiosity) just on the one of measurements in tax compliance, which is voluntary tax compliance that underlies taxpayers' behavioral expectations. In this case, the survey of the primary data only used by them, which dispersed principally to employed taxpayers (90%) and the

remaining are face-to-face interviews with respondents from various religion and self-employed taxpayers. This will not give a reasonable comprehensive of attitudes in tax compliance because this two types of taxpayers have different chances to evade or avoid paying taxes. In addition, Nazaruddin (2019); Tanno & Putri (2019) studied about the influence of religiosity towards taxpayer compliance with difference sample and method which both studies resulted that religiosity influenced significantly towards taxpayer compliance. In essence, religiosity is as how much an individual believes and follows to his/her religious beliefs, principles, and application to use it in their daily living. Nevertheless, in this research the word "religiosity" did not point to a certain faith or associations. It only implicated the general in individual level of religiosity.

The Relationship between Religiosity and Tax Compliance

A study from Song & Yarbrough (1978) believed the social psychological theorist which stated that the non-economic determinants are the major factors determining of taxpayers in their compliance of decision-making such as individual attitudes and peer impacts. A non-economics factors studied from Devos (2014) that effecting the tax compliance is religiosity. Astonishingly, there has been little study analyzing the religiosity role in a tax morale or tax compliance context (Pope & Mohdali, 2010). First study by Tittle & Walch (1983) resulted that a strong influence of religiosity in an association with a wider segments of non-religious people in driving a person to obedient within the regulations.

In the recently tax compliance research, the role of religiosity was explored from diverse viewpoint in attitudes of taxpayers regarding tax compliance and tax morale. Previous studies from Mohdali & Pope (2014) and Benk *et al.*, (2016) resulted religiosity sufficiently impacted taxpayer compliance. In addition, studies from Gangl & Kirchler

(2015) also supported that the high level of religiosity on individuals will lead to the higher level on taxpayer compliance. Thus, religiosity play important role for developing the decision making for individuals to comply with taxes which means religiosity has impact in the compliance level of individuals. From the explanation above, the hypothesis being developed is:

H1: Religiosity has a positive influence on the compliance of taxpayer

The Relationship between Religiosity and Tax Morale

A view from Torgler (2004) that the motivation from person's intrinsic to pay taxes is explained as tax morale. He also used the Canadian survey of world data values to investigate its determinants. He found that religiosity as the one of the positive factors of tax morale. In the other research of him, Torgler (2006) also discovered a solid proof that religiosity elements bring a deliberate influence on tax morale. One type of practices in religious teachings is compliant to the rules and intention to behave ethically or have attitudes in a positive way, such as comply for paying taxes for the state. Prior research also obtained some evidence that religiosity plays essential role in growing up the values of moral in positive ways because all religions develop several teaching of moral (Kurpis *et al.*, 2008). Means this also support the connection of determinants that determine individual tax morale. In short, religiosity indicates as a factor that influence tax morale of individuals regarding taxes. From the explanation above, the hypothesis being developed is:

H2: Religiosity is positively influenced in the tax morale of taxpayer

The Relationship between Tax Morale and Tax Compliance

Song & Yarbrough (1978) used social psychology theory in their study which centered on the factors that effected the taxpayer decision-making process such as the person's attitudes and surrounding influences. He also convinced that non-economic components are the primary components effecting taxpayer's compliance decision not the economic components as in the economic deterrence approach (Mohdali & Pope, 2014). One of the non-economics components influence taxpayer compliance is tax morale. Tax morale is an act which related with an individual willingness regarding the tax (Torgler, 2004). Previous study from Guerra & Harrington (2018), resulted the significant influence of tax morale towards the taxpayer's compliance for paying taxes. In addition, Vazques & Torgler (2009); Alm & Torgler (2006) studied the significant influence of tax morale for paying taxes in Spain. Means the tax morale is one of the essential factors leads in positive way of individual's act. In short, when the individuals act ethically towards taxes it will lead to the higher taxpayer's compliance level of a country. Thus, from the explanation above, the hypothesis being formulated is:

H3: Tax morale has a positive influence towards tax compliance

The Influence of Tax Morale as Mediator in The Relationship between Religiosity and Taxpayer Compliance

Fiscal psychological approach initiated to affirm the absence of citizen's motivation to pay taxes because no obvious gain from the advantage of paying taxes, either the public good or monetary forms (Schmolders, 1959). Tax morale, which is explained as an inside motivation for individuals derives from moral or religious values, has been underlined as one of the significant component in forming the behavior of taxpayer in this approach since the selection to evade or to comply, not only based on the economic components, but also based on a set of

principles or attitudes towards the system from non-economic factors (Spicer & Lundstedt, 1976). Based on Torgler (2006), religiosity is one of a positive determinant of having tax morale. He also found that religiosity bring an influence to tax morale of individuals. The practices from religion beliefs such as obey with the rules and regulation which lead to individuals to act positively, such as comply for paying taxes to the state as form of their obedience. This findings also support the tax compliance analysis which including the non-economic components by Devos (2014). From the explanation above, the hypothesis being developed is:

H4: The relationship between religiosity and compliance of taxpayer is mediated by tax morale

RESEARCH METHOD

Sample & Procedures

In this research, the researcher uses purposive sampling in choosing the sample of respondent. A purposive sample is one of the classifications in non-probability sampling design that meet some criteria from specific groups to obtain the necessary information (Uma Sekaran, 2013). Most research regarding taxpayer's compliance in Sumatera Selatan only focusing on corporate taxpayers and some certain type of taxpayers (Maharani, 2016; Kurniawan *et al.*, 2018). In this research, the criteria of the sample are individual taxpayers in South Sumatera who already have Taxpayer Identification Number (NPWP). The criteria chosen because this research need taxpayer who already have an income that means the taxpayers already have Taxpayer Identification Number and researcher using the individual taxpayer respondents in South Sumatera. Furthermore, the taxpayer's compliance in South Sumatera is still low although the tax authorities already done the door-to-door socialization in previous year (sripoku.com, 2018)

The measurement items adopted from international journals (Worthington, *et al.*, 2003; Kirchler & Wahl, 2010; Devos, 2014) being translated into Bahasa as the first language use in Indonesia. Then, pilot test conducted to twenty taxpayers in President University on October 8, 2019. This test made in order to see whether the measurement items are understandable or not for all respondents. The feedback and response collected after the pilot test used for some development and revision. To determine the total of sample, researcher use Hair *et al.*, (2010) to know how much the population of sample of the research which required the minimum ratio is 5:1. Since the total item including the demographic questions are 26, so the minimum sample requirement is five times twenty-six which is 130 (a hundred and thirty) respondents.

The researcher uses a questionnaire as the data collection method. The questionnaire is distributed electronically using google form (docs.google.com). This web-basis is chosen by the researcher so the respondents can fill out the questionnaire anytime and anywhere at the convenience without any pressure. The researcher distributed the questionnaire from 15 October 2019 until 30 October 2019. In this research, the researcher uses a Likert-Scale measurement and obtain the required data with the distribution of scores from one that means strongly disagree until five which means strongly agree.

Variables and Measurements

The determinants that influenced the dependent variable in either a negative or positive way is described as independent variable (Uma Sekaran, 2013). Religiosity is quality of someone for being religious which use the beliefs and practices in daily life. Still, the phrase "religiosity" in this research does not point out into any specific affiliations or beliefs. The religiosity items are adopted from prior researches done by Worthington, *et al.* (2003) and used also in present studies (Mohdali & Pope, 2014; Benk *et al.*, 2016).

In those researches, religiosity separated into two classifications, that are intrapersonal which comes from the behavior and attitude of individuals and interpersonal which effected from the individual's religious association. The higher level of religiosity showed by the higher point of the respondent's answer. The items are a direct statement which will be measured using 10 items on a 5-point Likert scale which one strongly disagrees and 5 strongly agrees, such example: intrapersonal religiosity: "It is important to me to spend periods of time in private religious thought and reflection" and interpersonal religiosity: "I enjoy spending time with others of my religious affiliation".

According to Uma Sekaran (2013), mediating variable which also called intervening variable is an intermediate variable between the independent variable and dependent variable. Tax morale become the mediating variable in this research. Tax morale used as mediating because tax morale is the values that individuals have about willingness for paying taxes (Torgler, 2004) which also derived from the religious values of individual's beliefs. Tax morale is measured using four items that adopted from previous research done by Devos (2014). The items are in the form of a direct statement related to tax morale such as "It is unacceptable to an over-state tax deduction on one's tax return." All the items measure using 5-Likert Scale where five means strongly agree and one means strongly disagree.

The primary interest variable to the researcher is represented as dependent variable (Uma Sekaran, 2013). The importance of good analysis in dependent variable because through the analysis it helps researcher to find the answer for solving the issues. In this research, the dependent variable is tax compliance because the tax compliance in Indonesia is still fairly low. Tax compliance points to fulfill all the tax obligations which specified by the rules of law accurately report in accordance with the regulations and at the proper time (Roth *et al.*, 1989). Thus,

examining the issue that influence the tax compliance can be a solution to help the tax officials in making plan to conquer the issues. Tax compliance is measured by eight following enforced tax compliance items which are adopted from Kichler & Wahl (2010). All the items will be measured using the 5-Likert scale with 1=strongly disagree and 5=strongly agree. The direct statements example such as "I pay my tax because tax audits are often carried out."

Statistical Analysis

In this research, researcher will use structural equation modelling variance based or SEM-PLS as statistical analysis tool. The selection of SEM-PLS by the researcher because the tool is effectively enough to examine the relationship between several discrete variables with the small size sample and the complex structure (Hair *et al.*, 2013). This research uses the variance based structural equation instrument which is using the software WarpPLS 3,0

RESULT ANALYSIS AND DISCUSSIONS

Data Demographics

The respondents of this research is the taxpayer who domicile in Sumatera Selatan and has Taxpayer Identity Number or NPWP. Researcher distributed the questionnaire electronically through google docs and was contacted through social media. At first, questionnaire asked whether the respondents already have NPWP or not and then make an agreement between researcher and respondent, which to confirm to the respondent that every response given is confidential which is fully used for the purposes of this research, so the respondents can answer comfortably without any pressure. Researcher also collected the demographic data of respondents in the questionnaire.

Total questionnaire distributed are 186 items and 169 was completely filled

out. Because of some data not fulfilled completely thus 9 respondents was dropped. Thus, total of the eligible respondents are 160 respondents with response rate 86%. In this part, the researcher will show the demographic data of respondent of this research.

Table 4.1. Demographic Data

Demogra-phic	Respon-dent	Percentage (%)
<u>Gender</u>		
Male	86	54%
Female	74	46%
<u>Age</u>		
<25	4	3%
25-30	78	49%
31-35	33	21%
36-40	23	14%
>40	22	14%
<u>Occupation</u>		
Self-employed	50	31%
Employed	103	65%
Others	6	4%
<u>Religion</u>		
Muslim (Islam)	149	93%
Christian	7	4%
Catholic	4	3%

In this research, some demographic data of the respondents is collected. Table 4.1 divided the demographic data into several category regarding gender, age, occupation, and religion. Based on the demographic data, there are 86 or 54% of male respondents and 74 or 46% of female respondents. The majority are the male respondents.

The second category is age. The respondents age less than 25 years old are 4 or 3%. Then, the respondents age between 25-30 years old are 78 or 49%. After that, the respondents age between 31-35 years old are 33 or 21%. Age of respondents between 36-40 years old are 23 or 14%. And the last, the respondents rate over 40 years old are 22 or 14%. The majority the respondents in this research is the age between 24-30 years old.

The next category is the occupation status of the respondents. There are 31% or 50 as self-employed respondents. Then, there are 65% or 103 as employed respondents. The other occupation beside self-employed and employed respondent there are 4% or 6 respondents which are car mechanic, honorary employee, and farmers.

The last category of demographic data is the religious beliefs. In this research, there are 149 or 93% of muslim (islam) respondents. Then, there are 7 or 4% of Christian and 4 or 2% of Catholic respondents. The majority of the respondents in this research is muslim (islam) respondents.

Convergent Validity Test

In the result of the study, validity test was usually reported to test the questionnaires as the measurement can reveal the result to be achieved or not. Hair *et al.* (2010) declared that there are two requirements to be achieved when the researcher test the convergent validity in order to conform the criteria. First, the loading per indicators value should >0.70 . Refers that the variance of each indicators is able to be explained by the latent variable at least by 50%. Second, the significant of P must be <0.05 or significant. Besides that, there are some ways to do when the value of loading per indicators did not meet the expected criteria before. The first is removing the indicators that value is less than 0.5 and the indicators with loading value between 0.5 to 0.7 should be considered to be maintained by analyzing the influence on the Cronbach's Alpha, Average Variance Extracted (AVE), and also Composite Reliability.

Table 4.2. Convergent Validity Test

Variable Construct	Items of Indicator	Loading
Religiosity	R1	(0.685)
	R4	(0.754)
	R6	(0.684)

	R7	(0.792)
	R8	(0.716)
	R9	(0.715)
	R10	(0.774)
Tax Morale	TM1	(0.795)
	TM2	(0.648)
	TM3	(0.638)
	TM4	(0.841)
Tax Compliance	TC3	(0.687)
	TC4	(0.597)
	TC5	(0.766)
	TC7	(0.764)
	TC8	(0.761)

Table 4.2 shows the indicators of each variable which indicate the convergent validity test value. The variable of tax morale no need to be dropped but religiosity have two indicators to be dropped while for tax compliance have three indicators need to be dropped. Deleting those indicators for some variables needed, can increasing the value of the Composite Reliability, Cronbach's Alpha, and AVE.

Reliability Test

Based on Fornell & Lacker (1981), there are two instruments to be measure to test the reliability, those are Composite Reliability and Cronbach's Alpha. The Cronbach's Alpha and the Composite Reliability value must be >0.70 . In addition, Sekaran & Bogie (2016) stated that it is still acceptable if the value Cronbach's Alpha is 0.6. Not only that, convergent validity test also evaluated by the value of AVE which must be >0.5 (Fornell & Lacker, 1981).

Table 4.3. Convergent Validity and Reliability Test

Variable	Com- posite Relia-bility	Cron- bach's Alpha	AVE
Cons-struct			
Religiosity	(0.890)	(0.855)	(0.536)
Tax Morale	(0.823)	(0.712)	(0.541)
Tax Compli- ance	(0.841)	(0.762)	(0.515)

Table 4.3. shows the value each instruments in each variables which are Composite Reliability, Cronbach's Alpha, and AVE after dropping some indicators for each variables. The Composite Reliability of religiosity, tax morale and tax compliance respectively are 0.890, 0.823 and 0.841. While the Cronbach's Alpha value of each variable are 0.855 for religiosity, 0.712 for tax morale, and 0.762 for tax compliance. And last the AVE value the three variables are religiosity is 0.536, tax morale is 0.541, and tax compliance is 0.515. All the value stated already satisfied within the criteria of convergent validity and reliability test.

Discriminant Validity Test

Based on Hair *et al.*, (2010) in analyzing the discriminant validity test the value of cross-loading should be higher than the correlation between latent variable in the same column. Discriminant validity is to verify whether or not the constructs in the model are highly connected among them. According to Fornell & Lacker (1981), discriminant validity comparing between square root of AVE and cross loading factors was higher than the correlation between the constructs.

Table.4.4. Discriminant Validity Test

	Reli- giosity	Tax Mora- le	Tax Compli- ance
Religiosity	(0.732)	0.638	0.544
Tax Morale	0.638	(0.736)	0.554
Tax Compli- ance	0.544	0.554	(0.718)

Table 4.4. shows the value for the discriminant validity test of each variables. The value of each variable are 0.732 for religiosity, 0.736 for tax morale, and 0.718 for tax compliance. Means for all variables values is higher from the other variables in each column that met the criteria for the discriminant validity test.

Determinant Coefficient Test

The higher the value of R-square indicated a greater explanatory power (Hair *et al.*, 2010). The R-squared value used to test the determinant coefficient test. The value of R-squared shows the percentage of construct can be explained.

Table 4.5. Determinant Coefficient Test

	TM	TC
R-squared	0.470	0.423
Coefficients		

Table 4.5 shows the R-squared value for tax morale is 0.470 and tax compliance is 0.423. It can be interpreted that tax morale can be explained for 47% by religiosity and tax compliance, then religiosity and tax morale can explain tax compliance with 42%.

Predictive Relevance

The Q-squared coefficient use to assess predictive validity or the relevance of the latent variables on the criterion variable (Mahfud & Dwi, 2013). Predictive validity should have value a Q-square value greater than zero as the criteria for being relevant.

Table 4.6. Predictive Relevance

	RE	TM	TC
Q-squared		0.462	0.417
coefficients			

Table 4.6. shows the data of Q-squared coefficient value or predictive value are 0.462 or 46% for tax morale and 0.417 or 42% for tax compliance. Means that the predictive relevance of religiosity

on tax morale is relevant and the predictive relevance of the tax morale on tax compliance is also relevant because the value of the Q-squared coefficient is greater than zero.

Goodness of Fit

This section explained about the three indicators of fit and p-value which are Average R-Squared (ARS), Average Path Coefficient (APS) and Average Inflation Factors (AVIF). Goodness of fit described the general reasonableness of the model which determined from the comparison of the actual data and predicted model. The value of the APS and APC must be less than 0.05 or means significant while the value of AVIF as multicollinearity indicator should be less than 5 (Mahfud & Dwi, 2013).

Table 4.7. Goodness of Fit

APC	0.459, $P < 0.001$
ARS	0.447, $P < 0.001$
AVIF	2.192

Table 4.7. shows each indicators value that already met the criteria. The value of ARS is 0.447 with p-value ($p < 0.001$), APC value is 0.459 with p-value ($p < 0.001$), and last, AVIF value is 2.192.

Mediating Test Model

Direct Effect

Mediating test model in SEM-PLS begins by examining the direct influence between dependent variable and independent variable. According to the requirements, the results of the test in the direct influence for independent variable to dependent variable must be significant. The significant value of the variable if p-value is less than 0.05 and less than 0.01. In the figure 4.1. indicates the results that p-value is < 0.01 and the direct estimation value is $\beta = 0.46$, which means the direct effect to test the influence religiosity towards tax compliance is significantly positive accordance with the criteria.

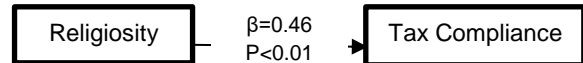


Figure 4.1. Direct Effect Influence of Religiosity to Tax Compliance

Mediating Effect

This research also examines a tax morale as mediating variable in the relationship between religiosity and tax compliance. In the figure 4.2. shows the results of the indirect effect of mediating model. The result points out the indirect effect of religiosity towards tax compliance with tax morale mediate the relation. It shows that religiosity has a positive influence towards tax morale with the value $\beta = 0.23$ and p-value $P = 0.01$ and tax morale has a positive influence towards tax compliance with significant p-value of $P < 0.01$ and value $\beta = 0.69$.

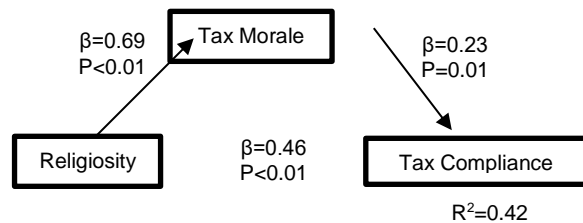


Figure 4.2. Indirect Effect Mediating Model

The indirect effect of the mediating model is calculated using VAF (Variance Accounted For) to attempt the mediating effect of the model. This method results into three criteria to meet the indirect effect of mediating relationship of variables, which are no mediation (the results below 20%), partial mediation (the results between 20%-80%) and full mediation (the results above 80%). In the table 4.8 indicates the calculation of the mediating model value VAF with resulted in 66%. Means that the relationship between religiosity and tax compliance is partially mediated by tax morale.

Table 4.8. Variance Accounted For (VAF)

Description	Calculation
Religiosity and Tax Morale to Tax Compliance	

Indirect Effect (R-TM-TC)	0.917
Direct Effect (R-TC)	0.461
Total Effect	1.378
VAF for R-TM-TC	0.665
Conclusion	Partial Mediation

Discussions

There are four hypothesis tested in this research. The initial hypothesis stated that the religiosity has positive influence towards tax compliance. In this hypothesis, researcher expected to find positive influence because the higher level of religiosity would lead into higher taxpayer compliance level. The result of hypothesis 1 supported because the result shows the value of $\beta=0.46$ is positively significant of ($P<0.01$). This result is constant with the research conducted by Benk *et al.* (2016); Mohdali & Pope (2014), which explain the high level of religiosity to obey the regulations will lead into the high level of taxpayers to comply for paying taxes. The high level of religiosity leads to the practice of religion in forming their positive behavior, the importance of the religion and learning the implementation with pleasure for his/her daily life, contribution to the religious organization, and the influence of others in the same religious affiliation to act ethically in the daily life. In sum, a high level of religiosity of tax payers will urge he/she obedient to the payment of taxes. They will feel ashamed if he/she does not pay taxes appropriately because one of their religious teachings practice is obey to the country's regulations.

Second hypothesis is religiosity has positive impact towards tax morale. In this hypothesis, researcher expected to find positive influence because the higher level of religiosity would lead into higher tax morale of individuals. The result of hypothesis 2 supported because the result shows the value of $\beta=0.69$ is positively significant of ($P<0.01$). This result is in line

with the research conducted by Kurpis *et al.* (2008) and Torgler (2006), which explain the high level of religiosity plays the role as the part of tax morale for individuals to behave positively. The high level of religiosity that taxpayers then make them to live depend on their religion and use its principles on their daily life such as forming their ethics or moral for living, thus they tend to expand the essence of tax morale which is willing to pay taxes and beliefs that the tax payments will contribute in society.

The third hypothesis is tax morale has positive influence towards tax compliance. In this hypothesis, researcher assumed to find positive influence because the higher level of religiosity would lead into higher tax morale level of individuals. The result of hypothesis 3 is supported because the result points out the value of $\beta=0.23$ is positively significant of ($P=0.01$). This finding indicates that tax morale as one of the important elements lead to individuals to act in positive ways which is comply in paying the taxes and consistent with the study conducted by Alm & Torgler (2006); Guerra & Harrington (2018). In short, the results of the third hypothesis represent when the taxpayers have tax morale in high level, then it will level up compliance of him/her in carrying out tax rules. People who have willingness to pay taxes will cause the increasing level on tax compliance. Means, taxpayers whose tax morale level is high tend to act and behave in positive way when comply for paying taxes and reporting their return.

The last hypothesis stated that the tax morale mediates the relationship between religiosity and tax compliance. The result of direct effect test shows that the value of $\beta=0.46$ with significant value ($P<0.01$) and after the indirect effect tested using VAF calculation, the value of coefficient of religiosity towards tax compliance increase to 0.66 with significant value ($P=0.01$). The result shows that tax morale is partially mediated the relationship between religiosity and tax compliance. Because religiosity is directly influenced on the tax compliance (Mohdali & Pope, 2014). It

means the hypothesis 4 of this research is supported.

CONCLUSIONS

The objectives of this study is to give the results empirically concerning the direct influence of religiosity on taxpayer compliance. The impact of religiosity on tax morale was also tested, moreover tax morale as mediating variable influence on the indirect relation of religiosity towards tax compliance.

The result shows that the internal values of individuals which are religiosity and tax morale have significant influence towards the level of taxpayer compliance. It is consistent with the research from Mohdali & Pope (2014); Guerra & Harrington (2018). It can be explained that when the level of religiosity is high, which comes from the behaviors of the religion teachings and affection from individuals in their affiliations, bring the taxpayer more obedient to implement the rules which is paying their obligation to the state. High religiosity also influence the increasing of tax morale of individuals to act in positive ways or willingness to pay taxes in contributing to surroundings. Furthermore, tax morale also mediates the relationship between the religiosity and tax compliance. Means that the high level of individual's religiosity will increase the internal value of individual to act positively which is motivation to pay taxes based on practices and lead to act in accordance the rules and regulations such as comply for paying the taxes to the state because it is one of the implementations of their religious teachings.

The contribution of this research is to the accounting behavior literature in term of taxation by focusing on the factors that influence the level of taxpayer compliance. Besides that, it also contributes to government or the rules-makers for giving more effort to change the morals and point of views of taxpayers regarding the payment of taxes to the state.

LIMITATIONS AND RECOMMENDATIONS

From the results, there are several limitations of this research such as the sample scope sample that used is limited only in South Sumatera area. For the next researcher can wider the scope of sample and if it possible to have cross-cultural in area of Indonesia. Next, in this research is using limited variables which are religiosity and tax morale as mediating variable. For the next researcher can explore more variables related to the taxpayer compliance which is already explored by Fischer *et al.* (1992) and Devos (2014). Lastly, this research using survey method. For the future researcher can use another method such as experiment method or mix-method (quantitative and qualitative) to explore more about the ethics or behavior of individuals regarding tax compliance in Indonesia.

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